



## Innovative Loan Program Increases Financial Access for Kenya's Poorest Farmers



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After participating in a Feed the Future loan program, Robai Nyongesa drastically increased her maize yield and is selling the surplus to improve the house she lives in with her three children.

Robai Nyongesa is a smallholder farmer living in Western Kenya. In years past, Nyongesa struggled to grow enough to feed her three children. Despite her best efforts, she could only harvest four bags of maize on her acre of land.

Today, Nyongesa is a beneficiary of a Feed the Future project that addresses risk aversion among smallholder farmers by providing inputs like seeds and fertilizer on loan, training in new farming methods, and market linkages.

To mitigate the risk of failed crops due to bad weather, the project also offers an innovative loan package that includes crop insurance. The loan package, which costs a farmer \$125 per acre of inputs, has been shown to double farm income per planted acre in the farmer's first season.

The loan repayment schedule is flexible, as farmers repay the loan throughout the season, with a final loan repayment deadline after harvest. With an interest rate of 17 percent (plus a 10 percent fee for crop insurance, transportation, inputs and training) the loan package is proving successful: Farmers are consistently paying off their loans and the default rate is only around two percent.

Nyongesa mobilized her community to join her in participating in the project. Now, she and 16 of her neighbors are partnering to help one another with their farm work and guarantee one another's loans. They all own or rent land for planting and pay a small membership fee of about \$1 and sign contracts stating that they will attend training sessions and repay their loans.

After signing up for the comprehensive loan package, Nyongesa learned better farming practices through training and experienced a drastic increase in maize crop production on her farm. "I have now been trained on how to plant and apply fertilizer. I have been trained on how to store my maize after harvesting," she says.

In her first year participating in the program, Nyongesa harvested 20 bags of maize from one acre of land, five times what she had harvested previously. She plans to sell 12 bags to generate income to make improvements on her house.